

10/23/08
Gian Ton C.

CONTRACTOR'S ALL RISK POLICY



MOYLAN'S INSURANCE UNDERWRITERS, INC.
102 Julale Center, 424 W. O'Brien Drive, Hagatna, GU 96910
TEL: 671-477-7500/8613/8616 FAX: 671-477-1837

General Agent for



DONGBU INSURANCE CO., LTD.



Seoul Korea

Schedule

Policy No.: KMCR0015-S00	
Name and Address of Insured: OKP (CNMI) Corp. P.O. Box 511593 Rota, MP 96951	Title of Construction: Rota Int'l. Airport Project Site of Construction: Rota, Commonwealth of the Northern Marianas

Section I – Material Damage

Insured Items	Sums Insured	Deductible
1. Contract Works (permanent and temporary works, including all materials to be incorporated herein) 1.1 Contract Price 1.2 Materials or Items supplied by the Principal, including materials away from the job site.	USD 10,000,000.00 Included Included	Act of God – 10% of adjusted loss with a minimum of \$100,000.00 each & every loss All Others – 10% of adjusted loss with a minimum of \$100,000.00 each & every loss
2. Removal of Debris	Included	
3. Professional Fees	Not Applicable	
4. Expediting Expenses	Not Applicable	
5. Construction Plant and Equipment	Not Applicable	
6. Construction Machinery	Not Applicable	
Total Sum Insured under Section I	USD 10,000,000.00	

Risk	Limits of Indemnity (*)	Deductible
Earthquake, volcanism, tsunami, Storm, cyclone, flood, inundation, landslide	Same as above	Same as above

*Limit of Indemnity in respect of each and every loss or damage and/or series of losses or damage arising out of any one event

Section II – Third Party Liability

Items	Limits of Indemnity (**)	Deductible
1. Personal Injury 1.1 any one person 1.2 any one occurrence	USD 1,000,000.00 USD 3,000,000.00	Any on occurrence
2. Property Damage	USD 1,000,000.00	USD 10,000.00 Property
3. Annual Aggregate	USD 4,000,000.00	Damage for each & every loss

**Limit of Indemnity in respect of any one accident or series of accident arising out of one event.

Period of Insurance (365 calendar days)

(Subject to the provision concerning the Period of Cover)

: From **January 16, 2006** to **January 16, 2007**

The following endorsements are attached to and forming part of this Policy.

Section I - Terms & Conditions

- 1) Munich Re's CAR Policy Form
- 2) Special Conditions Concerning Fire-fight Facilities (Limit of Liability: 10% of TSI per storage unit)
- 3) Special Conditions Concerning the Construction. And/or Erection Time Schedule (Deviation from time schedule: 6 Weeks)
- 4) Special Conditions Concerning Safety Measures with Respects to Precipitation, Flood and Inundation
- 5) Special Conditions Concerning Piling Foundation and Retaining Wall Works
- 6) Exclusion of Loss of or Damage to Crop, Forest and Cultures
- 7) Millennium Exclusion Clause
- 8) Existing Structure and/or Surrounding Property

Section II - Third Part Liability

- 1) Asbestos Exclusion Clause
- 2) Combined Single Limit Endorsement
- 3) Pollution Exclusion Clause
- 4) Communicable Disease Exclusion Clause
- 5) Punitive Damages Exclusion Endorsement
- 6) Y2K Exclusion Clause
- 7) Exclusion of Certified Acts of Terrorism

Total Premium:

(Inclusive of extra premiums for the above mentioned endorsements)

USD 97,560.00

In witness whereof the Undersigned being duly authorized by the Insurers and on behalf of the insurers had/have hereunto set his/heir hand(s)

This **19th** day of **January 2006**

DONGBU INSURANCE CO., LTD.

By:

Semara Munkin
Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 01

SPECIAL CONDITIONS CONCERNING FIRE-FIGHTING FACILITIES

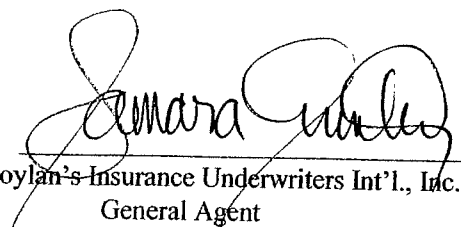
It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss or damage resulting directly or indirectly from fire and/or explosion if the following requirements are fulfilled;

1. Adequate fire-fighting equipment and extinguishing agents of sufficient capacity shall always be available at the site and ready for immediate use.
2. A sufficient number of workmen shall be fully trained in the use of such equipment and shall be available for immediate intervention at all times.
3. If storage of material for the construction or erection of the contract works is necessary, storage shall be subdivided into storage units not exceeding the values stated below per storage unit. The individual storage units shall either be at least 50m apart or separated by fire-proof walls. All inflammable material (such as shuttering material not fitted for concreting, litter, etc) and especially all inflammable liquids and gases shall be stored at a sufficiently large distance from the property under construction or erection and any hot work.
4. Welding, soldering or the use of an open flame in the vicinity of combustible material is only permitted if at least one workman suitably equipped with extinguishers and well trained in fire-fighting is present.
5. At the beginning of testing all fire-fighting facilities designed for the operation of the plant shall be installed and serviceable.

Value per storage unit: **Limit of Liability: 10% of Total Sum Insured per storage unit**

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 02

**SPECIAL CONDITIONS CONCERNING
THE CONSTRUCTION AND / OR ERECTION TIME SCHEDULE**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the following shall apply to this Insurance

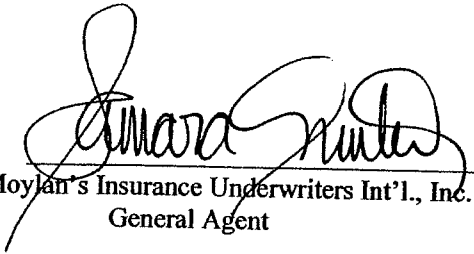
The construction and/or erection time schedule together with any other statements made in writing by the Insured for the purpose of obtaining over under the Policy as well as technical information forwarded to the Insured is deemed to be incorporated herein.

The Insurers shall not indemnify the Insured in respect of loss or damage caused by or arising out of or aggravated by deviations from construction and/or erection time schedule exceeding the number of weeks stated below unless the Insured had agreed in writing to such a deviation before the loss occurred.

Deviation from time schedule: **6 weeks**

Date Issued: 01/16/2006

By:


Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 03

**SPECIAL CONDITIONS CONCERNING SAFETY MEASURES WITH RESPECTS
TO PRECIPITATION, FLOOD AND INUNDATION**

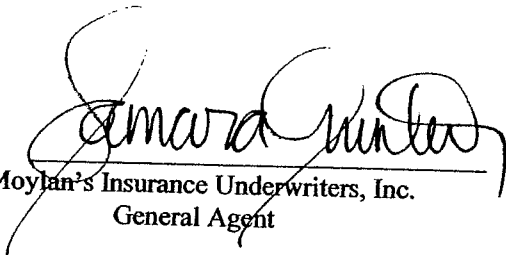
It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss, damage or liability caused directly or indirectly by precipitation, flood and inundation if adequate safety measures have been taken in designing and executing and executing the project involved.

Adequate safety measures shall mean that allowance is made for precipitation, flood and inundation up to a return period of 10 years for the location insured and the entire policy period on the basis of the statistics prepared by the meteorological agencies.

Loss, damage or liability resulting from the Insured's not immediately removing obstructions (e.g. sand, trees) from watercourses, whether carrying water or not, in order to maintain free water flow shall not be identifiable.

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters, Inc.
General Agent

Policy No : KMCR0015-S00

Endorsement No. : 04

SPECIAL CONDITIONS CONCERNING PILING FOUNDATION AND RETAINING WALL WORKS

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall not indemnify the Insured in respect of expenses incurred.


1. for replacing or rectify piles or retaining wall element.
 - which have become misplaced or misaligned or jammed during their construction.
 - which are lost or abandoned or damaged during driving or extraction.
 - which have become obstructed by jammed or damage piling equipment or casings :
- 2 for rectifying disconnected or declutched sheet piles.
3. for rectifying any leakage or infiltration of material of any kind.
4. for filling voids or for replacing lost betonies.
5. as a result of any piles or foundation elements having failed pass a load bearing test or otherwise not having reached their designed road bearing capacity.
6. for reinstating profiles or dimensions.

This endorsement shall not apply to loss or damage caused by natural hazard.

The burden of proving that such loss or damage is covered shall be upon the insured.

Date Issued: 01/19/2006

By:

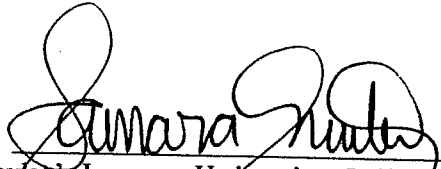

Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : **KMCR0015-S00**
Endorsement No. : 05

**EXCLUSION OF LOSS OR DAMAGE TO CROPS,
FORESTS AND CULTURES**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall not indemnify the Insured for loss, damage or liability directly or indirectly caused to crop, forests and/or any cultures during the execution of the contract works.

Date Issued: 01/19/2006

By: 
Moylan's Insurance Underwriters Int'l, Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 06

MILLENNIUM EXCLUSION CLAUSE

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the following shall apply to this insurance:

A. Insurer(s) will not pay for Damage or Consequential loss directly or indirectly caused by, consisting of or, arising from, the failure of any computer, data processing equipment or media, microchip, operating system, microprocessors (computer chip), integrate circuit or similar device, any computer software, or any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manners, any of the items listed above, whether the property of the insured or not , that results from any actual or alleged failure, malfunction or inadequacy due to inability to correctly recognize, process, distinguish, interpret or accept any data as its true calendar date.

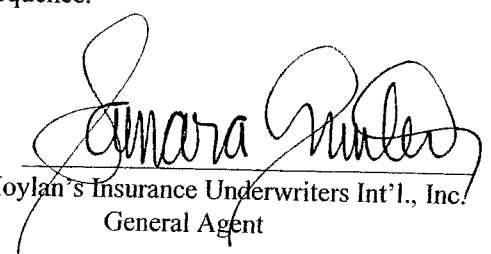
B. It is further understood that we will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.

C. It is further understood that we will not pay for Damage or Consequential Loss arising from the failure, inadequacy or malfunction of any advice, consultation, design evaluation, inspection installation, maintenance, repair or supervision provided or done by Insured or the Insured to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in A. above.

Such damage or consequential Loss described in A, B or C above, is excluded regardless or any other cause that contributed concurrently or in any other sequence.

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 07


EXISTING STRUCTURES AND/OR SURROUNDING PROPERTY

Loss of or damage to property located on or adjacent to the site and belonging to or held in care, custody or control of the Principal(s) or the Contractor(s) shall only be covered if occurring in direct connection with the construction, erection or testing of the items insured under Section I sum insured (ie limit of indemnity) therefore has been entered in Section III – Surrounding Properties. This cover does not apply to construction/erection machinery and construction/erection plant and equipment.

The relevant sum insured (ie limit of indemnity) should be fixed to allow for a substantial accident involving such property, ie considering the value of all items surrounding the construction site or held in care, custody or control.

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Intl., Inc.
General Agent

Policy No : **KMCR0015-S00**
Endorsement No. : 08

ASBESTOS EXCLUSION CLAUSE

It is hereby understood and agreed that such insurance as is afforded by this policy for personal clearance injury liability and property damage liability is subject to the following exclusion:

This insurance does not apply to any liability for property damage, bodily injury sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the Insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

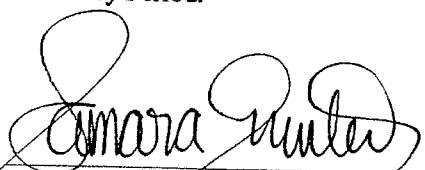
It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the Insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture of, use of, or exposure to, asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as herein above set forth.

This endorsement is effective as from the Inception of the Policy Period.

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 09

POLLUTION EXCLUSION CLAUSE

In consideration of the premium charged, it is hereby agreed and understood that this policy shall not apply to:

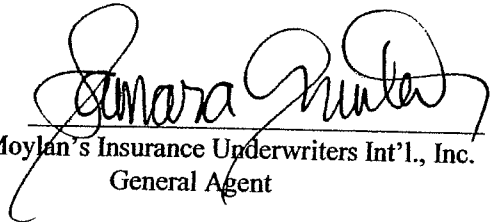
- (1) "Bodily Injury" or "Property Damage" arising out of the actual, alleged or threatened discharge, disposal, release or escape of pollutants:
- A) at or from premises you own, rent or occupy,
 - B) at or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste material,
 - C) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may legally responsible, or
 - D) at or from any site or location on which you or any constructors or sub-contractors working directly or indirectly on your behalf are performing operations,
 - I) to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants, or
 - II) if the pollutants are brought on or to the site or location by or for you.
- (2) Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste materiel, waste material includes materials which are intend to been or have been recycled reconditioned or reclaimed.

All other terms and conditions remain the same.

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 10

COMMUNICABLE DISEASE EXCLUSION CLAUSE

IT IS HEREBY UNDERSTOOD AND AGREED that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

This endorsement is effective as of inception of the policy of which this form is made a part.

Date Issued: 01/19/2006

By: 

Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : **KMCR0015-S00**

Endorsement No. : 11

PUNITIVE DAMAGES EXCLUSION ENDORSEMENT

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

Date Issued: 01/19/2006

By: 

Moylan's Insurance Underwriters Int'l., Inc.
General Agent

Policy No : KMCR0015-S00
Endorsement No. : 13

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This insurance does not apply to TERRORISM, including injury or damage arising, directly or indirectly, out of a "certified act of terrorism".

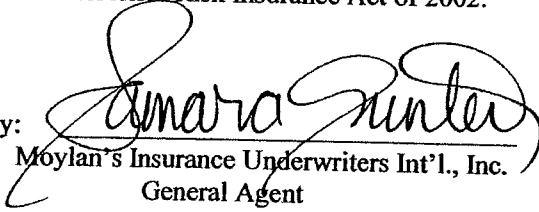
"Certified act of terrorism" means an act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism and Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" includes the following:

1. The act resulted in aggregate losses in excess of \$5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

This endorsement fulfills the requirements of the U.S. Terrorism Risk Insurance Act of 2002.
All other terms and conditions remain unaltered.

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Int'l., Inc.
General Agent

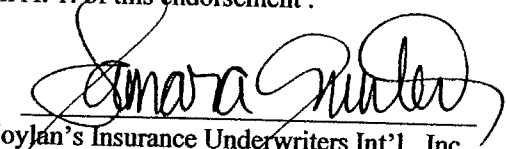
Policy No : KMCR0015-S00
Endorsement No. : 12

**EXCLUSION – YEAR 2000 COMPUTER-RELATED AND
OTHER ELECTRONIC PROBLEMS**

- A. This insurance does not apply to “bodily injury”, “Property damage”, “personal injury” or advertising injury” arising or “products/completed operations” liability arising directly or indirectly out of:
1. Any actual or alleged failure, malfunction or inadequacy of
 - a. Any of the following, whether belonging to any insured or to others
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or
 - (f) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, any of the items listed in Paragraph A. 1.a. of this endorsement;due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.
 2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A. 1. of this endorsement .

Date Issued: 01/19/2006

By:


Moylan's Insurance Underwriters Int'l, Inc.
General Agent

10/23/08

Tom C.

CONTRACTORS' ALL RISKS POLICY

Whereas the Insured named in the Schedule hereto has made to the

DONGBU Insurance Co., Ltd.

(hereinafter called "the Insurers") a Written proposal by completing a Questionnaire which together with any other statements made in writing by the Insured for the purpose of this Policy is deemed to be incorporated herein.

Now this Policy of Insurance witnesses that subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon the Insurers will indemnify the Insured in the manner and to the extent hereinafter provided.

General Exclusions

The Insurers will not indemnify the Insured in respect of loss, damage or liability directly or indirectly caused by or arising out of or aggravated by

- a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government de jure or de facto or by any public authority;
- b) nuclear reaction, nuclear radiation or radioactive contamination;
- c) wilful act or wilful negligence of the Insured or of his representatives;
- d) cessation of work whether total or partial.

In any action, suit or other proceeding where the Insurers allege that by reason of the provisions of Exclusion a) above any loss, destruction, damage or liability is not covered by this insurance the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

Period of Cover

The liability of the Insurers shall commence, notwithstanding any date to the contrary specified in the Schedule, directly upon commencement of work or after the unloading of the items entered in the Schedule at the site. The Insurers' liability expires for parts of the insured contract works taken over or put into service.

At the latest the insurance shall expire on the date specified in the Schedule. Any extensions of the period of Insurance are subject to the prior written consent of the Insurers.

General Conditions

1. The due observance and fulfilment of the terms of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Insurers.
2. The Schedule and the Section(s) shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy" wherever used in this contract shall be read as including the Schedule and the Section(s). Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule or of the Section(s) shall bear such meaning wherever it may appear.
3. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss, damage or liability and comply with statutory requirements and manufacturers' recommendations.
4. a) Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.

b) The Insured shall immediately notify the Insurers by telegram and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly.

No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the insurance is confirmed in writing by the Insurers.

5. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall
 - a) immediately notify the Insurers by telephone or telegram as well as in writing, giving an indication as to the nature and extent of loss or damage;
 - b) take all steps within his power to minimize the extent of the loss or damage;
 - c) preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers;
 - d) furnish all such information and documentary evidence as the Insurers may require;
 - e) inform the police authorities in case of loss or damage due to theft or burglary.

The Insurers shall not in any case be liable for loss, damage or liability of which no notice has been received by the Insurers within 14 days of its occurrence.

Upon notification being given to the Insurers under this condition, the Insured may carry out the repairs or replacement of any minor damage; in all other cases a representative of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured is entitled to proceed with the repairs or replacement.

The liability of the Insurers under this Policy in respect of any item sustaining damage shall cease if said item is not repaired properly without delay.

6. The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification

by the Insurers.

7. If any difference arises as to the amount to be paid under this policy (liability being otherwise admitted), such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.
8. If a claim is in any respect fraudulent, or if any false declaration is made or used in support thereof, or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy, or if a claim is made and rejected and no action or suit is commenced within three months after such rejection or, in the case of arbitration taking place as provided herein, within three months after the arbitrator or arbitrators or umpire have made their award, all benefit under this Policy shall be forfeited.
9. If at the time any claim arises under the Policy there is any other insurance covering the same loss, damage or liability, the Insurers shall not be liable to pay or contribute more than their ratable proportion of any claim for such loss, damage or liability.

Section Material Damage

The Insurers hereby agree with the Insured that if at any time during the period of cover the items or any part thereof entered in the Schedule shall suffer any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, the Insurers will indemnify the Insured in respect of such loss or damage as hereinafter provided by payment in cash, replacement or repair (at their own option) up to an amount not exceeding in respect of each of the items specified in the Schedule the sum set opposite thereto and not

exceeding in any one event the limit of indemnity where applicable and not exceeding in all the total sum expressed in the Schedule as insured hereby.

The Insurers will also reimburse the Insured for the cost of clearance of debris following upon any event giving rise to a claim under this Policy provided a separate sum therefor has been entered in the Schedule.

Special Exclusions to Section □

The Insurers shall not, however, be liable for

- a) the deductible stated in the Schedule to be borne by the Insured in any one occurrence;
- b) consequential loss of any kind or description whatsoever including penalties, losses due to delay, lack of performance, loss of contract;
- c) loss or damage due to faulty design ;
- d) the cost of replacement, repair or rectification of defective material and/or workmanship, but this exclusion shall be limited to the items immediately affected and shall not be deemed to exclude loss of or damage to correctly executed items resulting from an accident due to such defective material and/or workmanship ;
- e) wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions ;
- f) mechanical and/or electrical breakdown or derangement of construction plant, equipment and construction machinery ;
- g) loss of or damage to vehicles licensed for general road use or waterborne vessels or aircraft ;
- h) loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities, cheques ;
- i) loss or damage discovered only at the time of taking an inventory.

Provisions Applying to Section □

Memo 1-Sums Insured : It is a requirement of this insurance that the sums insured stated in the Schedule shall not be less than

for item 1 : the full value of the contract works at the completion of the construction, inclusive of all materials, wages, freight, customs duties, dues, and materials or items supplied by the Principal ;

for items 2 and 3 : the replacement value of construction plant, equipment and construction machinery; which shall mean the cost of replacement of the insured items by new items of the same kind and same capacity ;

and the Insured undertakes to increase or decrease the amounts of insurance in the event of any material fluctuation in wages or prices provided always that such increase or decrease shall take effect only after the same has been recorded on the Policy by the Insurers.

If, in the event of loss or damage, it is found that the sums insured are less than the amounts required to be insured, then the amount recoverable by the Insured under this Policy shall be reduced in such proportion as the sums insured bear to the amounts required to be insured. Every object and cost item is subject to this condition separately.

Memo 2-Basis of Loss Settlement : In the event of any loss or damage the basis of any settlement under this Policy shall be

- a) in the case of damage which can be repaired - the cost of repairs necessary to restore the items to their condition immediately before the occurrence of the damage less salvage, or
- b) in the case of a total loss - the actual value of the items immediately before the occurrence of the loss less salvage,

however, only to the extent the costs claimed had to be borne by the Insured and to the extent they are included in the sums insured and provided always that the provisions and conditions have been complied with.

The Insurers will make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be. All damage which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the items immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in b) above.

The cost of any provisional repairs will be borne by the Insurers if such repairs constitute part of the final repairs and do not increase the total repair expenses.

The cost of any alterations, additions and/or improvements shall not be

recoverable under this Policy.

Memo 3-Extension of Cover : Extra charges for overtime, nightwork, work on on public holidays, express freight are covered by this insurance only if previously and specially agreed upon in writing.

Section ☐-Third Party Liability

The Insurers will indemnify the Insured up to but not exceeding the amounts specified in the Schedule against such sums which the Insured shall become legally liable to pay as damages consequent upon

- a) accidental bodily injury to or illness of third parties (whether fatal or not),
- b) accidental loss of or damage to property belonging to third parties

occurring in direct connection with the construction or erection of the items insured under Section. and happening on or in the immediate vicinity of the site during the Period of Cover.

In respect of a claim for compensation to which the indemnity provided herein applies, the Insurers will in addition indemnify the Insured against

- a) all costs and expenses of litigation recovered by any claimant from the Insured, and
- b) all costs and expenses incurred with the written consent of the Insurers, provided always that the liability of the Insurers under this section shall not exceed the limits of indemnity stated in the Schedule.

Special Exclusions to Section ☐

The Insurers will not indemnify the Insured in respect of

1. the deductible stated in the Schedule to be borne by the Insured in any one occurrence ;
2. the expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under Section . of this Policy ;
3. damage to any property or land or building caused by vibration or by the removal or weakening of support or injury or damage to any person or

property occasioned by or resulting from any such damage (unless especially agreed upon by endorsement) ;

4. liability consequent upon

- a) bodily injury to or illness of employees or workmen of the Contractor(s) or the Principal(s) or any other firm connected with the project which or part of which is insured under Section., or members of their families ;
- b) loss of or damage to property belonging to or held in care, custody or control of the Contractor(s), the Principal(s) or any other firm connected with the project which or part of which is insured under Section., or an employee or workman of one of the aforesaid ;
- c) any accident caused by vehicles licensed for general road use or by waterborne vessels or aircraft ;
- d) any agreement by the Insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.

Special Conditions Applying to Section ☐

- 1. No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Insurers who shall be entitled, if they so desire, to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute for their own benefit in the name of the Insured any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the Insured shall give all such information and assistance as the Insurers may require.
- 2. The Insurers may so far as any accident is concerned pay to the insured the limit of indemnity for any one accident (but deducting therefrom in such case any sum or sums already paid as compensation in respect thereof) or any lesser sum for which the claim or claims arising from such accident can be settled and the Insurers shall thereafter be under no further liability in respect of such accident under this section.